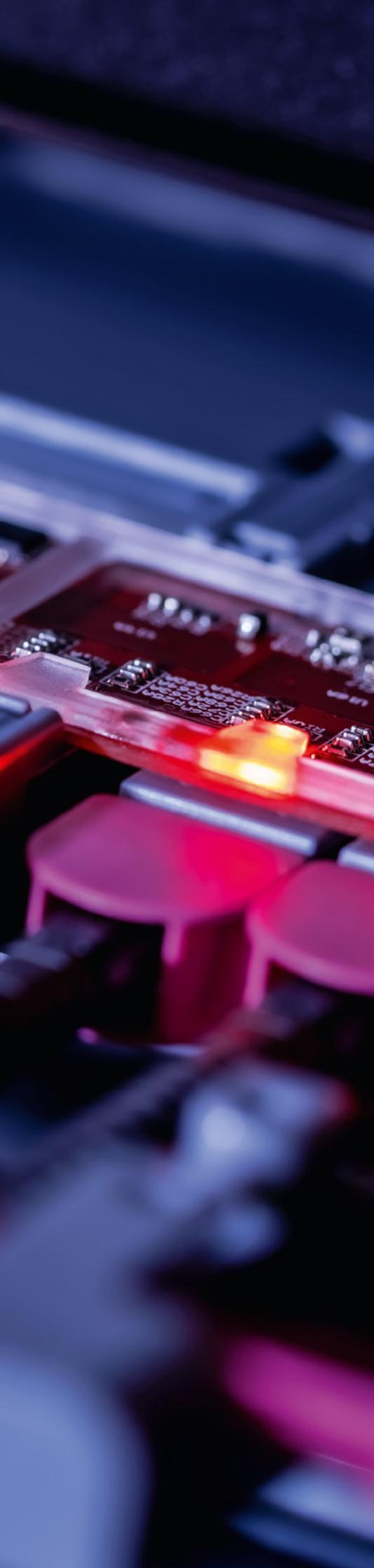




Annual Report 2019



***Our Mission –
«We provide connectivity that matters.»***



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Publication Details

Cover picture

More than 10,000 SYNO dome closures from R&M were sold in 2019. This is making a significant contribution to the growth in the Public Networks division.

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R&M Continues its Growth Strategy

R&M is growing solidly in spite of the difficult market environment. Strategic acquisitions in the US and China have strengthened the company's position in the largest sales markets, and the successful launch of innovative products has contributed to the success and opened up new opportunities for the future.

With further sound growth in sales, R&M continued to pursue the path taken over the last few years. In the business year 2019, the Group generated sales of CHF 276.7 million and thus achieved an increase of 4.4%. Adjusted for currency effects, growth lies at 6.8%. This means that this year R&M's growth was once again above the industry average. EBIT has decreased to CHF 15.2 million (previous year: CHF 15.6 million) due to strong price competition on major projects and high investment costs for acquisitions and the development of new markets.

Thanks to the innovative strength of the company, R&M now covers the entire connectivity range.

Challenging market environment

After very dynamic market development in the previous year, market growth declined considerably in the reporting year. In the telecoms sector, FTTH projects were temporarily reduced due to the high investments for 5G licenses and first rollouts. Market growth in the global data center market also slowed in the reporting year. Thanks to the launch of new products, intense sales work and various large projects, R&M was successfully able to withstand this negative trend and achieve another sales record. However, the results in the individual regions varied considerably.

As was the case one year previously, sales development in South America and the Middle East was very dynamic with double-digit growth rates. In all countries in the Middle East, R&M was able to further strengthen its position and win a number of large projects. In Dubai, this resulted in the company being able to move into new, larger production and office premises. In Brazil too, capacities were increased to be able to meet demand.

The situation in Europe varied considerably. In the GAS (Germany, Austria and Switzerland) countries, R&M had to fight a strong headwind in the reporting year. For the first time in a number of years, the company sustained a decline in sales here. Thanks to good project conclusions and increased investments in FTTH projects in Germany,

developments stabilized in the second half of 2019 and were even intensified once more in the last few months of the year. Based on the positive development in the last few months of the reporting year, R&M is optimistic about the future course of business in these regions too. The other European market regions demonstrated very positive development and were able to compensate for the decline in the high-revenue GAS countries.

Because of the crisis in the Indian telecoms market and the trade war between China and the US, the growth regions China and India fell short of expectations in 2019. Nevertheless, R&M was still able to report growth in India in the single-digit range. With the strengthening of the local sales team and the launch of new products, the company is ideally placed locally for the business year 2020. The subdued development in the countries in question could be compensated by several large projects in Japan.

Position in the largest sales markets strengthened

Thanks to acquisitions on the US East Coast and in China, R&M has been able to establish an ideal position for itself for the future in the largest sales markets. In the US, R&M now has sites on both the West and East coasts, and can serve customers in the entire continent perfectly in terms of production, logistics and services. In China,



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Hans Hess, Michel Riva

the acquisition of Durack, a manufacturer of modular data centers, means integrated solutions can be provided. A proprietary local fiber optic assembly unit is due to go into operation in the second quarter of 2020. These carefully planned, anti-cyclical investments will pay off in the medium term.

Innovative solutions and new fields of application

In 2019, R&M launched a dozen new products, more than ever before in a single business year. Particularly worthy of mention is the new distribution platform Netscale 72 with the DCIM software inteliPhy Net. The modular platform, the web-based software and the electronics were created at various R&M development sites in Switzerland, Bulgaria and Serbia, and are setting a new standard in the industry. The solution guarantees fast migration to new network generations and visualizes all relevant information of a single database.

Thanks to the innovative strength of the company, R&M now covers the entire connectivity range and provides suitable offers from connectors to software. To provide

customers with even better support in their purchasing process, a new webshop was introduced, which makes it possible to assemble complex products and to process and monitor orders.

R&M solutions are increasingly being implemented in new application fields. Smart buildings and cities as well as micro data centers require specific network solutions. R&M has developed corresponding all-in-one solutions for this purpose, which are being used more frequently. 5G technology will also result in a surge in demand over the coming years and generate new application fields. The product development pipeline is correspondingly well filled for the next few years.

R&M expects the market environment to remain difficult in 2020. With the investments made and the new products, however, the company intends to continue on its growth course.

The Board of Directors and Executive Board would like to thank the now 1,300 R&M employees worldwide for their extraordinary

commitment in this turbulent business year 2019. We would also like to take this opportunity to thank our customers and business partners for their trusting cooperation.

Hans Hess

Chairman of the Board of Directors

Michel Riva

CEO



Managing Growth – with Operative Intelligence

Global networking. More modern production. Faster delivery. Agile management. This is the course the R&M management has been pursuing for some time. The result: R&M enhanced its footprint, extended its range and decisively improved performance in 2019.

Two strategically important acquisitions were made at the beginning of the financial year 2019. In March, R&M took over the company Optimum Fiberoptics, Inc. in Elkridge, Maryland, US. This acquisition is contributing to expansion in the East of the US. Here, R&M is making a place for itself in the middle of a region which is home to large data centers of the software and cloud sector. Furthermore, numerous enterprises, US subsidiaries of European customers, important universities, government, authorities and the US Army are all located here.

R&M USA Inc. integrated the company within just a few months. Sustainable investments followed. The company moved to a larger, modern building. Along with its own premium FO products, the plant in Elkridge will also manufacture products from the R&M range in the future. Further investments are underway to expand business and logistics in the North American market.

Production in China

In April, R&M acquired Shanghai-based Durack Intelligent Electric Co. Ltd. The company is seen as a premium manufacturer on the Chinese market. It produces cabinets and enclosures for data centers and has experience in customizing. With these products, R&M is extending its offering for data-center infrastructure. Durack has a strong position on the domestic market. This takeover has given R&M access to areas such as finance, government, education and colocation data centers in China.



Michel Riva, CEO

«Regionally individual customer care is one of R&M's key competitive advantages. With our recent acquisitions we can significantly strengthen our growth strategy.»

Alongside the integration of this plant, R&M built its own production plant close by where copper and FO patch cords are to be assembled and distribution platforms manufactured primarily for the Chinese market from 2020 onward. Thanks to the two production sites, R&M will be able to meet customer requirements quickly, flexibly and in a competitive manner locally in the future.



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With these two most recent acquisitions, R&M has consolidated its growth strategy. The sites in other regions were also modernized with the aim of promoting expansion and customer orientation. Regionally individual customer care is one of R&M's key competitive advantages.

Sustainable supply chain

Expansion needs organization. In the business year 2019, R&M succeeded in further optimizing the supply chain, networking the plants more closely and increasing productivity. The Corporate Operations Support unit attends to the production network and has proven itself. The results are: substantially improved production performance, higher capacity usage, lower costs, faster delivery and uniform quality standards. The aim is to

introduce uniform standards at all sites and continue the lean management rollout.

Worldwide, the production sites continued to implement the fast-track concept in 2019. R&M can deliver copper and fiber optic assemblies within 24 hours if service level agreements so require. R&M is increasingly establishing itself as a reliable partner with fast response. In 2019, the plant in India established itself further as a provider of fiber optic products for the entire Group. Furthermore, R&M is involving key suppliers more closely in the processes. This is how components remain available long term with short delivery times thus guaranteed. The company's own stocks are reduced accordingly which has a positive effect on operating expenses.

The market organizations and plants are benefiting from the SAP-based sales and production planning which was extended in 2019. They can now coordinate their operational processes more smoothly and reduce target times. And modular SAP configurators give the market organizations the possibility to generate custom-tailored solutions which can be manufactured in every plant. Customers can call up measuring data and corresponding protocols directly online in the future via a data matrix code. For operative and agile management, all plants will successively be equipped with electronic shopfloor boards. Furthermore, all product- and production-relevant documents will be available electronically at the relevant workplaces.



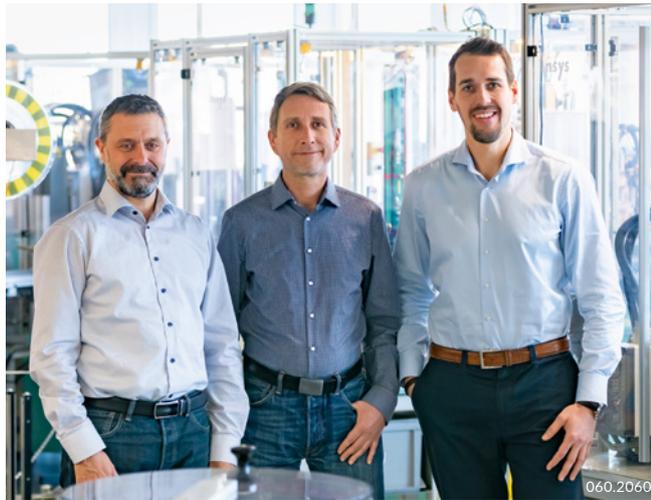
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New site on the US East Coast in Elkridge, Maryland



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Opening ceremony at R&M China Production in June 2019 with Durack founder, the Swiss Consul General and representatives of the R&M management



f. l. t. r.: Patrick Kleinlaut (development China site), Stefan Rechberger (development Latin America and Middle East sites), Joachim Gäng, (development USA Eastcoast site)



Certified worldwide in compliance with the latest ISO standards

After repeated successful international recertification in quality and environmental management (ISO 9001 and ISO 14001), the R&M Headquarters was certified in June 2019 in compliance with ISO 45001. The new international standard, which covers the high demands made of management in terms of health and safety at work, will be introduced at all production plants in the R&M Group over the next two years.



Agile management

A crucial factor for operative strength and the speedy implementation of new processes within the R&M Group is the management culture. A several-year values program successively implements modern principles, attitudes and values. LEAD is the focus for 2019 and 2020. Management learns how to lead in an agile manner. This means, among other things: thinking in an entrepreneurial and global manner, deciding more quickly, communicating clearly, promoting intercultural teamwork, delegating responsibility and expertise, encouraging employees to take responsibility for their own actions.

«R&M's international production network requires not only global product and process standards and uniform operative management, but also the further digitalization of the entire supply chain. The availability of real-time information is a basic requirement for agile, high-grade management decisions and their sustainable implementation.»

The project managers working at an international level in the Operations sector are a good example of agile management. They accompany the creation of new plants and hubs locally and take a leading role in integrating acquisitions. Their approach accelerates the setup of production facilities and their integration into the supply chain. R&M standards, which can be implemented globally, are used from the very beginning. And the project managers experience genuine job enrichment.



Markus Stieger-Bircher, COO



At the new production site in Pinghu, China, copper and fiber optic patch cords will be assembled and distribution platforms manufactured from 2020 onwards

Innovation and Business Model for the Digital Era

The mega trend digitalization heralded a new era in data communication. Today, unimaginable quantities of data are flowing on a whole range of channels. But digitalization extends much further than just data transport. In 2019, R&M produced innovations at all levels with which customers can master this all-embracing development.



Stefan Grätzer, Andreas Rüsseler

«The R&M range for the three market segments Data Center, Public Networks and LAN Cabling was once again expanded in 2019. Gaps in the range were closed with innovative solutions. In particular, investments were made in new technologies which will secure the unchecked innovative power over the coming years.»

Andreas Rüsseler, CMO

As far as R&M customers are concerned – whether they are operators of data centers, public networks or local data networks – everything they do now revolves around digitalization. They are busy creating the decisive connectivity for the digital economy era. In the financial year 2019, R&M made important contributions to supporting customers on this journey. These include a range of new developments and the future business model for digital value creation.

Faster scaling

R&M added the newly launched Netscale 72 fiber optic platform to its Netscale family in 2019 and is thus making migration to future transmission rates simpler for data center operators. Spine-leaf architectures can be scaled faster with Netscale 72. The time- and cost-saving innovation is the handy tray technology.

For the data center market, R&M is now also a manufacturer of electronics and software. The software solution R&M inteliPhy net, also launched in 2019, is a good example of this. It is used in data centers to digitalize infrastructure management in an incredibly simple way.

Where others leave off, R&M takes on the challenges. With the Cat.8.1 Permanent Link, R&M opened up the path for the safe use of 40 Gigabit Ethernet with classic copper cabling in 2019. With the new thinLine patch cord, R&M is shrinking patch cord volume by 25%. Data centers can now make better use of the valuable space. They opti-

mize the cost/benefit ratio of the passive infrastructure and gain space for new digital offers.

Data centers densify their FO infrastructures with the QR connector family, which was also extended in 2019. Thanks to Quick Release technology, the number of optical ports in a patch panel can be increased by 50%.

More flexible planning

R&M supports the further expansion of Fiber-to-the-Home networks with the optic main distributor frame ODF PRIME launched at the start of the year. With this modular distribution frame, network operators use their distributor sites in a greater number of ways than before. The high-density platform is setting new standards on the FTTH market.

Network operators can plan using the pay-as-you-grow approach. That means: They start off with low initial investments, but get fully operational distributors. They can upgrade later according to requirements and the market situation. The cabling can be densified in a flash to connect new customers or enable more data traffic. The operators can also introduce new technologies in this way without having to exchange the rack. This new approach is increasingly gaining in significance, particularly when providers merge the new infrastructures for 5G services with FO access networks.

R&M also had success with the Polaris-box family, which was extended in 2019. It offers



everything network operators need for the FTTH connection of both residential and functional buildings. The field-terminable fiber-optic connector FO Field 2.0 is also new. It can easily be wired with all readily available cable types. The innovation here is in the cable and core fixing. It provides network operators with more freedom in FTTH expansion.

All-over-IP

The LAN Cabling division is increasingly focusing on digital building automation. R&M estimates that local data networks and building technology will grow together. In the future, all building technology is to be operated uniformly with the Ethernet/IP protocol (All-over-IP).

One prerequisite for this is an advanced connection and distribution technology. It can, for example, network LED lighting, sensors, access points, all kinds of controllers and small distributors in office ceilings (Digital Ceiling) and power them remotely with Power over Ethernet (PoE). R&M has a leading position in this area too, and in 2019 set the course for future market development.

Agile product development

The range of innovations released in 2019 confirms R&M's innovative power. The engineering expertise of the R&M development departments and the agile process of ideas and product development are state of the art. With long-term investments in new technologies, R&M increased its innovative capability in the reporting year and extended it to include new fields. Some results: The first home-grown DCIM software for data center applications and a proprietary FO cable range.

R&M involves customers all over the world in the development process. This means specific market needs can be detected and taken into consideration. With an eye to the future and in cooperation with users, R&M creatively searches for ideas for the connectivity of tomorrow. Long-standing customers, such as Instakom in Switzerland, are committed pilot users. This is how R&M repeatedly succeeds in getting new tested and future-proof developments to the market in good time.

Once again, the challenge in 2019 was to manage internationalization and associated complex major projects. It is becoming increasingly possible to provide standard products all over the world at the high R&M quality standard with which everyone is familiar. Three factors are of major importance here: the globally available modular system, the closely networked supply chain and local engineering which can be found close to the customer.

«With sound technological understanding and the traditional passion for outstanding products, we generate solutions which impress our customers long term.»

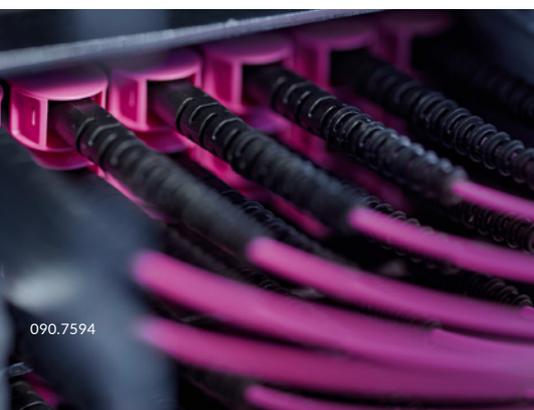
Stefan Grätzer, CTO

Digital value creation

While technology quickly progresses, R&M consciously takes time for the sustainable, holistic digitalization of the company. Currently a tailor-made business model is gradually coming into being. It takes the needs of all customers, stakeholders and market segments into consideration and is intended to enable greater value creation for all parties. The digitalized processes should mesh in a logical cycle in a useful way and facilitate interaction.

For example, in the future customers will automatically receive help with decisions and solution proposals. Customers will be able to define digitally, plan and calculate precisely as well as order in time entire systems on the R&M platform. Customers are given online access to production data, test results, delivery times and stocks.

The gradual introduction of the complex offering is currently taking place in select markets. In the business year 2019, individual regions were already testing new webshop applications.





Leading Edge

with Customer Orientation and a Competitive Portfolio

Fiber to the Home remains a growth market and a success story for R&M. The Group is establishing itself as a full-service provider with expertise in the project business. Despite a difficult market environment in international telecommunications, the Public Networks division was once again able to generate a two-digit growth rate in 2019.

There is still a lot to do. There are still many regions without FO networks. In Europe, coverage is 46.4% (EU39) or 36.4% (EU29)* respectively. The number of European FTTH subscribers once again increased in the double-digit range in 2019. With the increased demand, R&M assumes that more will be invested in expansion in the future. In some European countries, the investments were also considerable in the reporting year; this also applies to numerous countries in the Middle East.

In Germany, Austria and Switzerland, the Middle East and in India, R&M holds a strong position in all areas of FTTH connectivity. In Latin America too, telecom operators are increasingly using the R&M portfolio and ex-

peritise. The market organizations won large contracts with delivery agreements spanning several years.

Expertise required

This success is based on the capability of being able to support network operators comprehensively and individually. R&M offers much more than a modern and modular product portfolio for FTTH networks. International experience in dealing with large projects, expert advice and custom-tailored solutions are particularly in demand as are one-stop logistics, fast on-site service as well as regional engineering close to the customer.

Freedom for network operators

The following FO product innovations in particular met with great interest from international telecom customers in the year under review:

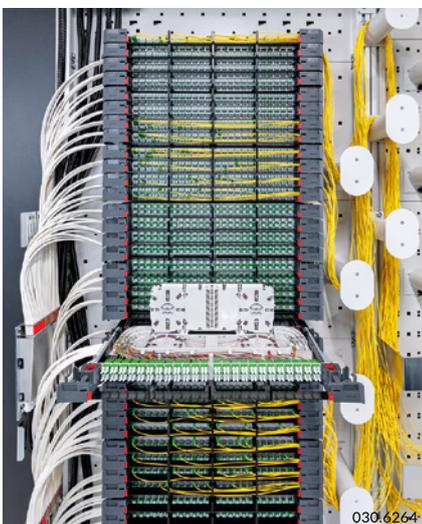
The distribution frame ODF PRIME gives network operators planning freedom they have not had to date. Starting off with a low investment, this infrastructure element can be consolidated or upgraded with new technologies to correspond to customers' connection requirements and subscriber growth. R&M is using this «pay-as-you-grow» approach to counter the aggressive price war among telecom equipment suppliers. ODF PRIME is setting new standards on the FTTH market and, at the same time, is extremely competitive due to its modular design.



Thomas Ritz

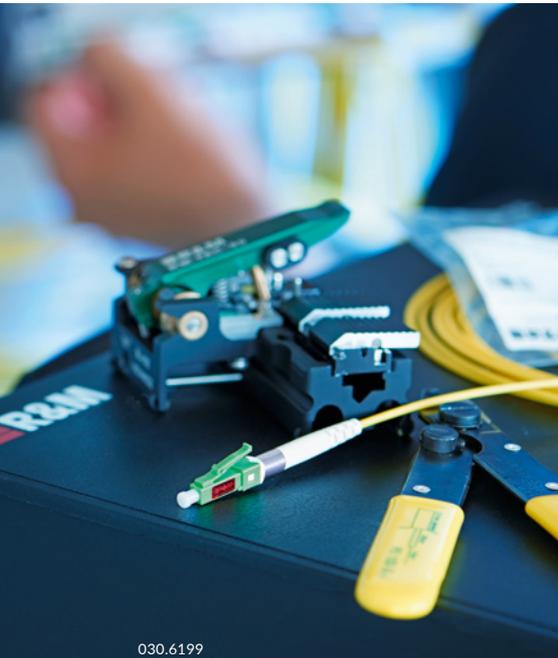
Market Manager Public Networks

«Thanks to its long-term experience in custom-tailored engineering for large projects, R&M is an interesting partner for established and new network operators. Together with our customers, we realize intelligent solutions which can master the challenges which the compression and convergence of networks bring with them.»

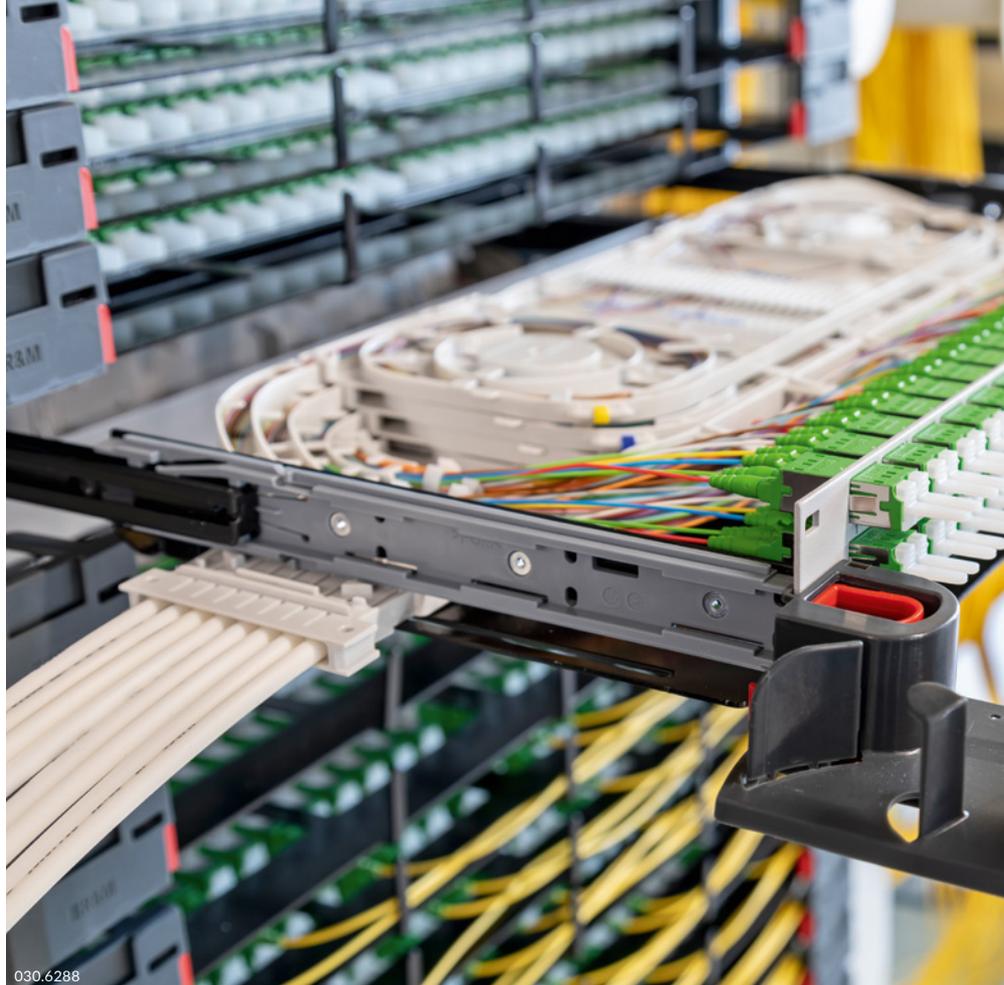


* Source: FTTH Council Europe

Public Networks market segment



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With the launch of the Polaris-box 4, the Polaris family, a range of modern FO distribution boxes for use outdoors, has been further completed. Here too the focus is on planning freedom and flexibility. The platform covers all typical FTTH access network topologies. The boxes contain R&M's modern connectivity and fiber management components and can easily be adapted to suit customer-specific requirements or local conditions. They can be used in all kinds of premises from single dwelling units through residential estates and individual floors in functional buildings through to entire building complexes.

The further optimized connector FO Field 2.0 offers network operators greater flexibility in FTTH network expansion. In future, it will

be possible to combine butterfly cables, which are becoming more widely used in the FTTH segment. Version 2.0, launched in the fall of 2019, guarantees even better attenuation values and gives customers stable connections which satisfy the toughest requirements.

Renowned network operators, in particular in Europe and the Middle East, have specified the SYNO dome closure in their public tenders. More than 10,000 pieces were delivered in 2019. This is making a significant contribution to the growth in the Public Networks division. Demand is increasing. In the R&M development department, a further, compact splice closure generation is currently being created especially for access networks.

Focusing on new markets

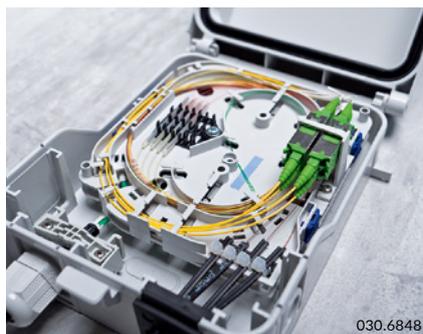
In the coming years, R&M will be investing in new telecom market segments. Even in what is currently a difficult market environment, the predictions for the next few years indicate a continuous increase in growth. The R&M Group will increasingly position itself as a solution provider for large infrastructure projects.

Telecom network operators will continue to invest in the expansion of the 5G cellular phone standard over the coming years. The number of sites and antenna will increase enormously, existing antenna sites will be upgraded. New and additional connections to the FO network (Fiber to the Antenna, FTTA) will be required here. In addition, further participants and features will be introduced in connection with Internet of Things (IoT) applications as well as smart building and smart city applications.

Whatever the case, modern and modular connectivity solutions will be a key topic. With international experience in all aspects of WAN/LAN, FTTH and 4G/5G network infrastructures as well as long-term expertise in the area of FO and copper connecting technology, R&M has the ideal prerequisites to grow with this future market.



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Gurugram Smart City Communication Infrastructure

Sterlite Power is a global integrated power transmission developer and solutions provider, focused on addressing complex challenges in the sector by tackling the key constraints of time, space and capital.

Sterlite Power has invested and created a world-class optical fiber infrastructure through a PPP (Public Private Partnership) model for supporting the data requirements of the city of Gurugram in India. As part of this unique model, Sterlite Power's Convergence business entered into a partnership with GMDA (Gurugram Metropolitan Development Authority) to design, build, finance, operate and maintain the intricacy fiber network. Sterlite Power is building a

fiber network of 138 km in Gurugram which includes both the core network and last-mile connectivity to support the city's communication needs. Sterlite Power will manage and maintain this network for 21 years.

Sterlite Power is known for innovation in the industry and was looking for a solution to the complicated installations of the highly-dense fiber at the crowded nodes with the need for cable management and network surveillance.

In 2019, R&M India joined hands with Sterlite Power and provided them with the required number of distributors and housings at short notice. With the solution, they

succeeded in getting the network up and running in the desired timeframe.

For three sites, Sterlite Power selected the PRIME-ODF distribution frame which was launched in 2019. It is being used to densify, distribute and ensure 100% monitoring of the fiber optic infrastructure. Sterlite Power implemented the Polaris-box 6 in the government buildings where it perfectly fits their requirements by being sturdy, lockable, waterproof and compact. The other critical condition of fitting splice and splitter modules into housing together was also met with this solution.

Through this newly created fiber network, GMDA aims to connect more than 160 government offices including police stations, public hospitals and business clusters with an integrated command and control center. It will also help in managing traffic, solid waste, property, and land records, water and air quality. GMDA will use real-time data for coordinated fast decision-making by the government machinery.



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Enabler for Smart Networks

In the Data Center division, R&M has succeeded in becoming an all-in-one provider. Data center operators can now digitalize and automate infrastructure management with R&M solutions. Major trends such as cloud computing and smart networks are determining the course.

The Data Center division pegged the course to the next infrastructure generation in the year under review. Demands such as high packing density, fast scaling, inexpensive migration and intelligent infrastructure management determine this course. However, the division did not meet the defined sales target to the full extent because the market lost growth momentum in important regions.



Nevertheless, R&M positioned itself as one of the world's smart network drivers. A significant slice of sales in this division is already being generated with smart networks. They extend beyond conventional cabling.

Three layer model

For this purpose, R&M set up the portfolio in three layers: 1. Conventional patch panels and cabling, 2. An IoT layer which turns conventional products into connected products. 3. The DCIM app inteliPhy net to manage the connected products. The model can be adapted and implemented selectively. For example, customers showed interest in inteliPhy net, the application launched in the fall of 2019 for Data Center Infrastructure Management (DCIM). The number of customers buying only software grew disproportionately.



Dr. Thomas Wellinger
Market Manager Data Center

«In 2019, R&M was able to introduce great products in the data center segment and take another big step towards smart networks. I am really enthusiastic about inteliPhy net and the IoT-supporting Netscale 72 fiber optic solution.»



inteliPhy net offers everything data centers require for digital administration, documentation and monitoring. With it, they can detect errors faster and minimize downtime. A dedicated team developed the intuitive software. The IoT full package includes electronic monitoring components such as sensor bars.

Integrated range

After acquiring the Chinese company Durack Intelligent Electric Co. Ltd. in April 2019, R&M is now a full range supplier for network infrastructures in China. The solutions contain racks, cabling, software, monitoring and the automation of network management.



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With the acquisition in China, R&M enhanced its footprint in the Asian growth market. R&M can now offer specialist consulting services and support, coordinate system solutions and offer its own FO products on site. This resulted in R&M winning several major projects in China.

Following the trend

In addition, R&M was also successful in securing itself a stronger position in the hyperscale, colocation and edge computing market segments. An important step because the traditional market of on-premise systems is shrinking. Companies are increasingly outsourcing tasks to external data centers. Hyperscale data centers already account for

a medium double-digit percentage of sales in the division. B2B marketing on the colocation market, launched in 2019, is aimed at further consolidating the positioning.

Addressing customers directly

In addition to the tried and tested Data Center Network Days, which R&M now regularly holds at various regional sites, the company also held a dedicated customer event in Amsterdam in September 2019 for DC business partners from all over the world. An elegant country home in the Netherlands hosted 50 customers and the sales staff from R&M. Internal and external training sessions as well as presentations by well-known key speakers from Microsoft,

Istanbul Airport, Vaudoise Assurance and the DCE Academy included a lot of valuable information from the world of data centers.

Fleet of innovations

In 2019, R&M launched a fleet of innovations for data center cabling. The flagship was the FO platform Netscale 72 with innovative tray technology. The youngest member of the Netscale family simplifies the upcoming migrations to 40, 100 and 400 Gigabit Ethernet. The cabling is easy to densify, change, scale and upgrade. Netscale 72 supports contemporary spine-leaf architectures for fast data traffic in cloud data centers.

For Netscale 120, R&M introduced compact TAP modules. With this monitoring component and the port monitoring cable, data centers gain complete control over their FO infrastructures. This too is a solution which saves both time and expense. The modules seamlessly fit into the existing platform and can be integrated in just a few easy steps. Netscale 120 continues to offer the world's highest packing density in the segment.

R&M also launched the Blade Cabling Manager as a further member of the Netscale family. It replaces conventional, complex and



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In September 2019, a top-class event took place in Amsterdam for DC business partners from all over the world

space-consuming cable management in the cabinet. And there is a great response to the modular splice distributor Mercury from R&M USA. Its user convenience impresses those responsible for networks in hyper-scale data centers. The R&M Data Center Manual reissued in 2019 is a big help for the planners.

In terms of connectors, R&M is increasing density. The MPO connector as well as the QR mechanism developed by R&M and presented in 2019 also aroused interest. QR stands for Quick Release – for effortless insertion and removal at the slip-in window. The distance between the connectors which used to be required for the handle is now no longer necessary. The number of ports in a patch panel can thus be increased by 50%.



**Energy Group Networks:
Faster all the Time**

In the fast paced world of Silicon Valley, the sooner a data center is up and running, the sooner the provider can generate revenue. This forces companies to increasingly make networking and infrastructure decisions on the fly. This is sometimes called plan-as-you-go. Despite the obvious pitfalls of such planning, the partnership of R&M and Energy Group Networks demonstrates that this can be successfully navigated.

Because of time constraints and a desire for maximum flexibility when planning its new OpenColo data center in Santa Clara, Energy Group Networks had not called out the cabling system in full detail. Construction began in 2018 but the management was confident R&M would provide the appropriate cabling solution in time.

R&M recommended an FO infrastructure and the new distribution platform Netscale 72. At the time Energy Group Networks needed to move forward, only a prototype was available. However, impressed by what they saw and because of the relationship with R&M, Energy Group Networks ordered Netscale 72. To accommodate the construction timeline, R&M started production earlier than planned. This sort of rapid deployment is an example of Silicon Valley's rapid pace at its best.

OpenColo datacenter can now utilize the distribution technology of tomorrow from day one. With Netscale 72, FO cabling can be densified to a high degree and can be changed, upgraded or scaled in just a few easy steps. Netscale 72 supports several cabling philosophies, upcoming Ethernet generations, the largest leaf-spine architectures and digitalized infrastructure management.

When business partners trust each other and work towards the same goals, even a job as extensive as data center cabling can be enacted under plan-as-you-go time pressure. For more information about OpenColo check out opencolo.com





Higher Quality Cabling

Essential for the Market

Faster and more diverse: R&M supports trends in Ethernet network technology with a leading portfolio in terms of technology. The LAN Cabling division sent out a clear signal in 2019 with new developments and opened up new possibilities for clients.

As expected, the largest R&M division was able to post single-digit growth again in the reporting year. This was helped by the continuous change in technology in the sector of connectivity of local data networks (LAN). With its portfolio of higher quality cabling, R&M is compensating for the ongoing price pressure.

Nevertheless, the market organizations in the highly competitive GAS region came under pressure. The META and APAC regions compensated for the decline in sales. It is also pleasing that the LAN Cabling division was able to post significant sales figures for the first time in the newly established markets in North and South America.

The LAN has to do more

Three major factors are driving the market forward: The LAN has to become faster to satisfy today's users. This makes better quality connectivity essential. The LAN is taking on more tasks. This includes more powerful WiFi systems, Power over Ethernet, digital building technology and the Internet of Things (IoT).

The focus at R&M in the reporting year was still very much on the technological change from Cat. 6 to Cat. 6A. Sales of the higher grade Cat. 6A modules are increasing. The share of 10GBase-T-capable copper connecting technology is now 60% (previous year 50%).

Cat. 8.1 is on the market

Following on from this, two further technological trends dominated the financial year 2019: higher bandwidths and remote powering.

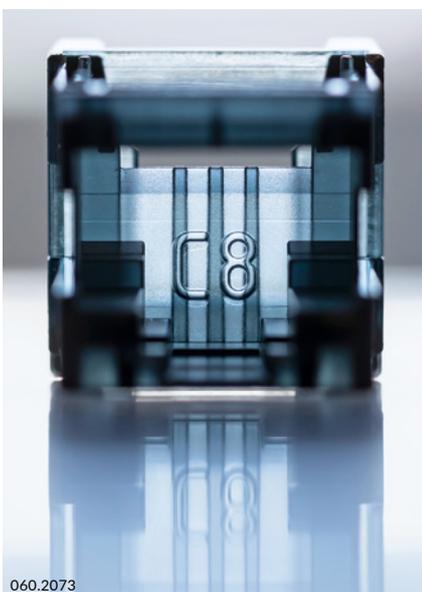
R&M was one of the first manufacturers to launch a Cat. 8.1 all-in-one solution. The high-end copper system with a permanent link and RJ45 adapters opens the way to new dimensions of data transmission. With its brilliant performance, it supports bandwidths of up to 2000 MHz as well as the new Ethernet standards 25 Gbit/s (25GBASE-T) and 40 Gbit/s (40GBASE-T).

Additionally, R&M specified the Cat. 6A range for the 25G standard. With this step, R&M is showing customers that 25G runs



Matthias Gerber
Market Manager LAN Cabling

«With the R&Mfreenet cabling system, the customer is perfectly equipped for the challenges of the future - wherever the IT journey takes us.»



060.2073

LAN Cabling market segment



050.6831

on existing Cat. 6_A installations. In this way, they can, for example, seamlessly integrate upcoming high-frequency WiFi systems into their LAN. The mobile boom is making the use of these radio systems indispensable. However, they require corresponding bandwidths from the LAN.

Key to smart building

Today, remote powering over the data network – Power over Ethernet (PoE) – is considered to be a key technology. With it, Ethernet/IP can advance into new areas of application. The first thing to consider here is digital building automation (All over IP) and the Internet of Things (IoT). In the reporting year, the LAN Cabling division took further steps to position R&M in the growth market of building automation.

The latest stage of development, 4PPoE, is making high demands. Special characteristics and capabilities of cabling are gaining in significance. R&M guarantees that products bearing the PowerSafe label fulfill these requirements. Customers can be sure that their network is ideally suited for upcoming 4PPoE applications in the LAN and in building technology.



090.7902

The R&M portfolio is ideally suited for the convergence of LAN, IoT and digital building technology. R&M is aiming to develop system solutions and is initiating partnerships. One example of this is Europe's largest All-over-IP building. Another technology, Single Pair Ethernet (SPE), will contribute to extending the reach of IoT. R&M is involved in an international consortium which is defining SPE.

The division also focused on Passive Optical LAN (POLAN) technology. The inexpensive combination of fiber optic and copper cabling is ideal for large buildings, such as hotels, hospitals, airports and shopping malls. POLAN projects are experiencing an upswing. R&M has a mature portfolio and has increasingly been advertising the fact since 2019 in select vertical markets.

The healthcare market is also increasing in significance. Hospitals are upgrading their networks to increase security and efficiency and to be able to master more tasks online.



R&M developed the antibacterial healthLine range for this sector. Demand increased in the reporting year with R&M supplying several hospital projects.

The LAN Cabling division is anticipating comparable growth in the market segment in the coming years. It is therefore resolutely pursuing the development of the customer-needs-oriented portfolio and focusing on system solutions in specific application areas.



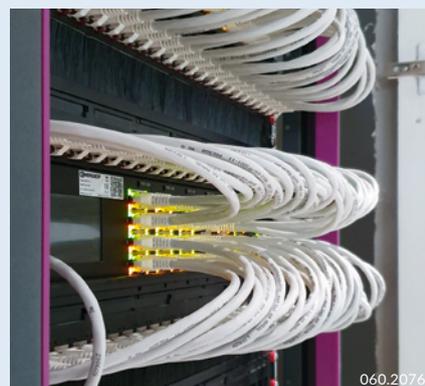
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Energie IP: Power for Smart Buildings

An infinitely smart building. That is the vision of the French start-up Energie IP. Founder Grégory Besson Moreau and his team want to overcome the barriers between the areas of building services management. And Power over Ethernet and R&M are helping them on their way.

Energie IP develops, produces and operates new kinds of Building Management Systems (BMS). The principle: Data network, IT, Internet protocol and Power over Ethernet connect building management and building technology. The copper cabling transports data, signals and DC current with up to 90 Watts. Services and devices can be simultaneously networked, remotely powered, remotely controlled and remotely monitored. Switches, driver modules and sensors are developed by Energie IP itself. They con-

tain innovative open source technology. This enables Energie IP to integrate any number of services into the digital building management system. Sales and Operation Director Antoine Cussac gives examples: «LED lighting, blinds and air conditioning (HVAC) can be controlled and remotely powered from the same interface.»



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When it comes to connectivity, Energie IP relies on the copper range from R&M. Among the preferred products is the field-terminable FM45 connector. With this innovation, installers on site have the freedom to decide where they want to place connectors and connections - an advantage when it comes to flexibly connecting different building technology systems with the data network.

Furthermore, R&M includes its comprehensive PoE know-how in its new partner's projects. As an innovation leader, R&M is proud to be accompanying this young player in the smart building technology market.

ENERGIEIP



Committed on every continent



-  R&M Headquarters
-  R&M Manufacturing
-  R&M Sales Offices

Members of the Board of Directors

R&M is an independent Swiss family company in the communication and network technology market. The owners, Martin and Peter Reichle, pursue a balanced and forward-looking international growth strategy. They stand for solid values. As members of the Board of Directors, they personally plan and accompany corporate development. Four select senior experts from Swiss industry, all with international experience, bring additional expertise to the Board of Directors. Their special fields include international management, strategy development, engineering and manufacturing, marketing as well as finances and controlling.



f. l. t. r.: Martin Reichle, Peter Reichle, Hans Hess, Adrian Bult, Andreas Spreiter, Dr. Eng. Michael Reinhard

Hans Hess, Chairman

Swiss nationality (1955), Owner of Hanesco AG; Vice-President dormakaba Holding AG. Chairman of Swissmem; Vice-President of economiesuisse. Previously held various leading positions within the industry, including 10 years CEO of Leica Geosystems AG, as well as Board memberships at Comet, Burckhardt Compression, Geberit and Schaffner. Diploma in Materials Engineering from the Swiss Federal Institute of Technology (ETH) Zurich; MBA from the University of Southern California, USA.

Martin Reichle, Vice Chairman

Swiss nationality (1967), Co-owner and Chairman of Reichle Holding, Board Member of Reichle Immobilien AG, Member of the R&M Executive Board 1996–2012, CEO R&M 1999–2011. Diploma in Electrical Engineering from the Technical University in Rapperswil. Various roles in Swiss employee associations.

Peter Reichle

Swiss nationality (1964), Co-owner of Reichle Holding, Chairman of Reichle Immobilien AG, Member of the R&M Executive Board 1996–2012, COO R&M 1999–2011; previously held management positions in production, logistics and supply chain at R&M and other companies. Swiss federal diploma in Business Administration. Roles in Swiss business organizations and further Board memberships within industrial companies.

Adrian Bult

Swiss nationality (1959), Chairman of the Board of Directors at Swissgrid AG, holds positions on the Board of Directors in various Swiss companies; previously held positions, including CEO and CIO, for the Swisscom group as well as other leading roles within international marketing and management at IBM. Studied Business Administration and Marketing at the University of St. Gallen (HSG).

Dr. Eng. Michael Reinhard

German nationality (1956), holds Board of Director mandates at several Swiss companies. Long-term Member of the Group Executive Board of Geberit International AG, responsible for Operations & Supply Chain; previously held management, marketing and sales positions at Schott AG as well as McKinsey & Company. Studied Mechanical Engineering at the Technical University in Darmstadt, completed a doctorate at the German Plastics Institute (DKI).

Andreas Spreiter

Dual Swiss and British nationality (1968), Board memberships incl. Chairman of Audit Committees in several industrial companies. Former Group CFO of Forbo, Group CFO of Landis + Gyr and held various finance management and controlling positions at Landis + Gyr / Siemens Metering. Degree in Industrial Engineering from the Swiss Federal Institute of Technology (ETH) Zurich.

Members of the Executive Board

One of R&M's hallmarks is its continuity in management. The same five-person team has been at the helm of the successful corporate group for more than five years now. The team works with current methods of lean and agile management. The members of the Executive Board all have international experience, considerable expertise and share a passion for the company. Together with around 1,300 employees, they drive forward global expansion on all continents. Under their management, R&M has grown an average 6% per year.



Michel Riva, CEO

Swiss nationality (1964), CEO of R&M since August 2012. Previously held international management roles, e.g. at F. Hoffmann-La Roche, Strapex, DuPont de Nemours, and the Forbo Group. Studied Business Administration at the School of Economics and Business Administration (HWV/FH) in Basel; MBA at IMD Business School in Lausanne; Advanced Executive Program at Kellogg Graduate School of Management in Chicago.



Stefan Grätzer, CTO

Swiss nationality (1973), at R&M since 2010, CTO since 2014, previously Head of Corporate Development. Previously held positions at the Institute for Product Design at the Technical University in Rapperswil (HSR), Sultex AG, and STEINEL Solutions AG. Completed engineering degree at the Technical University in Rapperswil (HSR), EMBA from Kalaidos University of Applied Sciences Zurich.



Andreas Rüsseler, CMO

German nationality (1967), CMO of R&M since 2012. Previously worked as an engineer and marketing manager at Quante AG, 3M, held management positions at Huber + Suhner AG. Studied Communications Engineering at the University of Emden (GER); Master of Advanced Studies in Business Administration and Engineering at the University of St. Gallen (HSG).



Patrick Steiner, CFO

Swiss nationality (1979), at R&M since 2011, CFO since April 2015, previously Head of Group Controlling & Accounting Switzerland. Previously held positions at Jafra Cosmetics Cham as CFO, as well as Controller at Vorwerk Gruppe, Wollerau. Swiss federal diploma as an Expert in Accounting and Controlling.



Markus Stieger-Bircher, COO

Dual Swiss and British nationality (1960), at R&M since 2006, COO since 2011, previously Head of Supply Chain Management. Former roles include engineer at ABB and Head of Logistics at Bühler Uzwil. Diploma in Mechanical Engineering from the University of Applied Sciences Northwestern Switzerland (FHNW) in Windisch, and Diploma in Industrial Engineering (Swiss Technical Association, STV); MBA from City University, Seattle.

Broad-Based Growth

Networks bring benefits. Networked humanity wins. Whether in the fast exchange of information, efficiency in the workflow, mobile working or, for example, in terms of knowledge on health data. R&M makes an important contribution to this and thinks far beyond the pure cabling. A sustainable business model makes broad-based growth possible. This proved to be true in the financial year 2019.

Following on from developments in previous years, the R&M Group once more made good gains in 2019. This is a result of the various successes of the three business fields and the regional market organizations. As owners, we feel this confirms our policy of positioning our family company on a broad and globally diversified basis. A basis which enables sustainable growth. Our most recent acquisitions in China and on the US East Coast underscore this.

R&M thinks beyond passive cabling systems and focuses on the secure, smart and future-proof basics of modern communication and on value creation. Because along with the large number of opportunities, we also see the risks of the networked world. Business and society are becoming increasingly dependent on data networks, information technology and IT security. A reliable network infrastructure is an essential requirement to be able to minimize risks and downtime. IT security starts at the cabling level. And that is our core competency.

Innovative together

With innovations, R&M helps make the operation of networks more secure, smarter and more convenient. The ideas for this come about in exchange with our customers on a level playing field. Together, we detect challenges and find new ways of dealing with them – a passion of R&M since the company was founded 55 years ago.

This is how, for example, planning migrations in data centers becomes simpler and how FTTH providers enjoy more freedom in planning in the field. Cabling systems are designed as modules, making it easier to combine them to satisfy customer requirements. Software, smart connectors and monitoring technology form an organic system. This makes the automated management of networks possible throughout their entire life cycle.

R&M also relies on proven technologies to make communication more secure. This includes insulation displacement technology (IDC) for the wiring of copper conductors in connectors, connection modules and distributors. Over the past 30 years, R&M has delivered billions of IDC contacts to customers. At more than ten international production plants, our employees guarantee that customers are provided with precise connectivity. It is no surprise that R&M is seen as the leading international supplier of high-grade, secure connectivity. Furthermore, R&M experts are committed to further improving the security of data transmission in various standardization committees.

Technology is based on know-how, which is broad-based at R&M. It stems from an openness to what is new and a passion for technology. Learning quickly from errors, resolutely engaging in research and thinking ideas through to the end are further characteristics of our international workforce.

Smart and useful

The global bandwidth requirement doubles every 18 months. Digital communication between people as well as between numerous machines and devices (Internet of Things) is increasing. The Internet of Things forms the basis of smart buildings, cities and transportation routes. Location-independent, agile working is increasing. Numerous, useful services are coming into existence with the «digital landscape» and it is becoming ever more important to establish a basis for stable networks.

Benefits, efficiency and comfort increase when there is reliable cabling in the background. This will be more in demand than ever in the future. The fascination of being able to be involved in creating secure networks motivates us sustainably.

We would like to thank our 1,300 R&M employees for sharing this fascination and for their great commitment and dedication once again in the financial year 2019. And we would also like to thank our customers and business partners for the trusting collaboration.

Martin and Peter Reichle

Owners and members
of the Board of Directors



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Martin Reichle, Peter Reichle

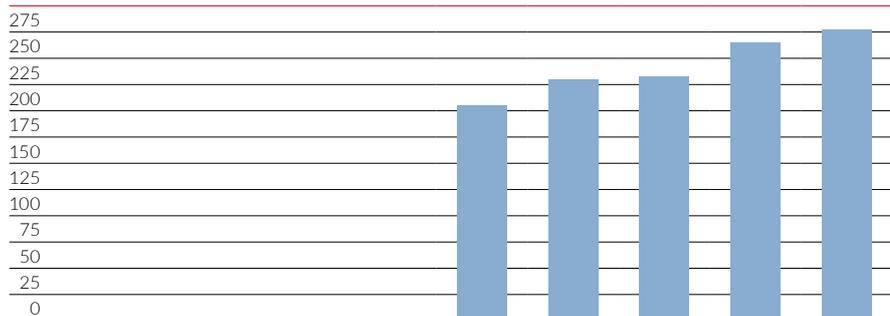
Benefits, efficiency and comfort increase when there is reliable cabling in the background. This will be more in demand than ever in the future. The fascination of being able to be involved in creating secure networks motivates us sustainably.

Key Figures

2015 2016 2017 2018 2019

Sales

in millions of CHF, consolidated 205.1 229.4 232.1 265.1 276.7



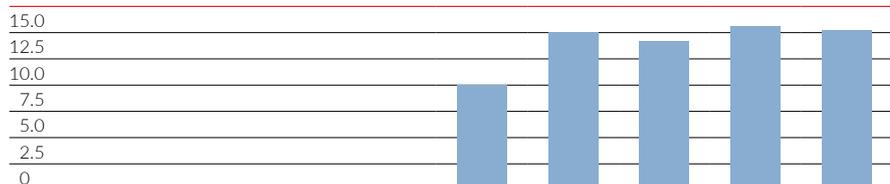
Growth

compared with the previous year -3.1%⁽¹⁾ 11.8% 1.2% 14.2% 4.4%⁽²⁾

(exchange-rate-adjusted: ⁽¹⁾+ 2.2%, ⁽²⁾+ 6.8%)

EBIT

in millions of CHF, consolidated 10.0 15.0 14.2 15.6 15.2



as a % of sales 4.9% 6.6% 6.1% 5.9% 5.5%

International Sales Revenue

Revenue generated outside of Switzerland was 82% of total sales.

Development Expenditure

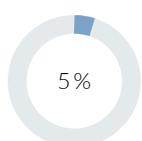
Average development expenditure over the last 5 years: 3.6% of revenue.

Innovative Capacity

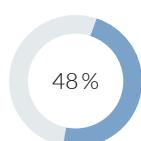
25% of the revenue was generated with products less than three years old.

Number of Employees

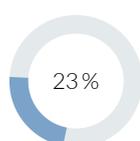
as of December 31, 2019: Total 1,292



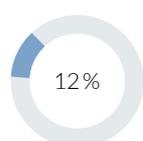
Research and Development



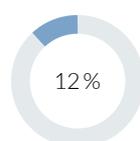
Production



Sales and Marketing



Purchasing and Logistics/
Distribution



Management and Administration



*For flexible FO termination
indoors and outdoors –
the new Polaris-boxes from R&M*

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